

Message Text

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15

ACTION AGR-20

INFO OCT-01 EUR-25 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

COME-00 CIAE-00 DODE-00 INR-11 NSAE-00 PA-04 USIA-15

PRS-01 NIC-01 SAJ-01 NSCE-00 SWF-02 DRC-01 IO-14 L-03

/186 W

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R 300715Z JUL 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3761

INFO AMEMBASSY LONDON

AMCONSUL HONG KONG

USLO PEKING

UNCLAS CANBERRA 4901

PASS: AGRICULTURE FOR MEEKER AND NOVOTNY

E.O. 11652: N/A

TAGS: ETRD, EAGR, AS, CH

SUBJECT: AUSTRALIAN WHEAT SALE TO PRC

REF: HONG KONG 7674; PEKING 1144

1. AUSTRALIAN WHEAT BOARD CHAIRMAN CASS ANNOUNCED THAT RECENT AWB MISSION TO PEKING HAD NEGOTIATED ADDITIONAL 500,000 TON SALE OF WHEAT WITH CONTRACTS FOR 1 MILLION METRIC TONS SIGNED WITH CEROILFOOD JULY 26. THIS BRINGS THE TOTAL PRC PURCHASES THIS YEAR TO 1.6 MILLION METRIC TONS, OR 0.5 MILLION TONS MORE THAN THE LONG-TERM AGREEMENT PROVIDED FOR IN THE FIRST YEAR.

2. CONTRACTS NEGOTIATED ON USUAL CHINA TERMS, I.E. 10 PERCENT CASH, 20 PERCENT AT SIX AND NINE MONTHS, AND 50 PERCENT AT TWELVE MONTHS. CONTRACTS PROVIDE FOR PLUS OR UNCLASSIFIED

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MINUS QUANTITY OF 5 PERCENT, AND AWB OPTION TO PROVIDE SOME

PRIME HARD AND HARD WHEAT, AS WELL AS SUBSTANTIAL QUANTITY OFF-GRADE WHEAT. AW HAS HAD DISPOSAL PROBLEMS WITH LARGE VOLUME OF LOW GRADE WHEAT THIS SEASON, AND PROBABLY PRESSED PRC HARD ON THIS CONCESSION. ALTHOUGH VOLUME NOT DISCLOSED, CASS ESTIMATE OF TOTAL CONTRACT VALUE AT \$A115 MILLION INDICATES LARGE QUANTITY OF OFF-GRADE WHEAT INVOLVED AS F.A.Q. PRICE AT LEAST \$A120 PER TON. PRICE CONCESSION MAY HAVE BEEN ATTRACTION TO PRC.

3. SHIPMENT OF BALANCE OF 500,000 TONS FROM ORIGINAL 1.1 MILLION AGREEMENT TO BE SHIPPED AUGUST/NOVEMBER 1974, WHILE ADDITIONAL 500,000 TONS FOR SHIPMENT DECEMBER/FEBRUARY. AS THIS CONTRACT WILL EXTEND INTO 1975 AT LEAST PART OF THIS SALE WILL BE MET FROM COMING 1974/75 HARVEST, AND GIVE AWB ROOM TO MANOEUVRE WITHIN OVERALL MARKETING PLAN FOR VARIOUS GRADES. CONTRACT FOR ADDITIONAL 0.5 MILLION TONS WILL NOT AFFECT SALE OF FURTHER 1.5 TO 1.8 MILLION METRIC TONS SCHEDULED FOR THE SECOND YEAR OF THE LONG TERM AGREEMENT.

HARROP

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NNN

Message Attributes

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Disposition Comment:
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Disposition Event:
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